APPENDIX D

Committee Guidelines on Costs

Nonprofit Agencies typically utilize accounting systems different than for-profit companies. To prevent confusion and to mitigate proposal preparation and evaluation costs, the Committee has established some guidelines for use by all parties during negotiations. These guidelines will only apply when cost analysis or cost realism analysis is used to negotiate the Fair Market Price recommendation.

(1) Depreciation schedules should be negotiated for AbilityOne contracts; equipment may be depreciated for periods longer than five years.

(2) Multiple vendor quotes to support non-labor subcontract costs are required only when the item unit cost exceeds $2,500. Nonprofit Agencies are responsible for obtaining best value prices from vendors based on broad competition as directed in Committee Operation Memorandum 21.

(3) Rehabilitation Costs are costs incurred by the Nonprofit Agency in supporting people with disabilities. Rehabilitation costs are never an allowable cost in Fair Market Price recommendation negotiations. These costs can include services such as job coaches, special training, transportation and vocational rehabilitation counselors.

(4) Overhead, General and Administrative Expense (G&A) and Net Proceeds are calculated as a percentage of direct costs.

(5) CNA Fee (defined in Section 5.G) is included in the Fair Market Price recommendation. The fee is not a markup on the FMP, but is instead a component of the NPA's total price. Total NPA price, including the applicable fee as an overhead cost, must be included in the recommended fair market price submitted for Committee approval. Full cost disclosure should only be made when it becomes necessary in the course of negotiations with Government contracting officers using the cost analysis method of analyzing the proposal. CNA fee is a part of overhead and at no time should CNA fee be factored separately.